

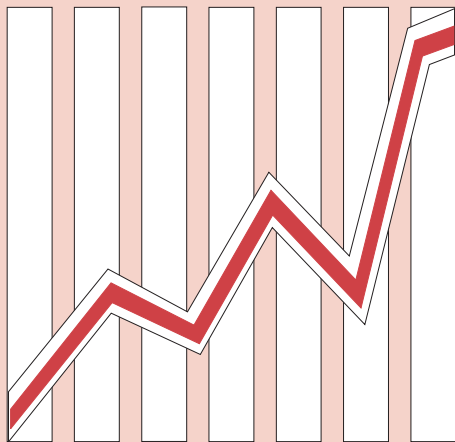
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SURVEY *of* CURRENT BUSINESS

IN THIS ISSUE . . .

Price Indexes for Selected Semiconductors, 1974–96



SURVEY of CURRENT BUSINESS

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It incorporates data from the following monthly BEA news releases:

U.S. International Trade in Goods and Services (January 21),
Gross Domestic Product (January 30), and
Personal Income and Outlays (February 2).

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In the most recent comprehensive revision of the NIPA's, BEA introduced new quality-adjusted price indexes for semiconductors. This article discusses these indexes, which incorporated the results from hedonic regressions based on performance characteristics of seven types of memory chips and two lines of microprocessors and which are designed to address the biases that are associated with conventional measures of real output for high-tech goods. As was noted when they were first introduced, the effect of incorporating the new price indexes into the NIPA's was to steepen the rate of decline in the prices of exports and imports of semiconductors and to raise the rates of real growth.

Regular features

1 Business Situation

Real GDP increased 4.3 percent in the fourth quarter of 1997, up from a 3.1-percent increase in the third quarter. The price index for gross domestic purchases increased 1.5 percent after increasing 1.3 percent. For the year 1997, real GDP grew 3.8 percent, the highest growth rate since 1988. The price index for gross domestic purchases increased 1.7 percent, the slowest increase since 1964. The personal saving rate declined to 3.8 percent, the lowest rate since 1939.

25 Personal Income by State and Region, Third Quarter 1997

Personal income in the Nation increased \$77.8 billion, or 1.1 percent, in the third quarter of 1997. Most of the increase was accounted for by the Southeast, Far West, and Mideast regions. Utah, Washington, and Idaho had the fastest growth in personal income in the third quarter.

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- ✿ ***Manufacturing Earnings in BEA Component Economic Areas.*** An article that analyzes the differences in manufacturing earnings per job among components of the BEA Economic Areas will appear in a forthcoming issue of the SURVEY. The article analyzes the differences on the basis of such characteristics as industry mix, extent of industry clustering, education levels of the labor force, and population levels.
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